



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT*

COMPANY: Hanesbrands Inc.
COUNTRY: Dominican Republic
FACTORY CODE: 720019866GV
MONITOR: Level Works Ltd.
AUDIT DATE: September 17, 2010
PRODUCTS: Women's Undergarments
PROCESSES: Cutting, Boarding, Molding,
Post Molding, Sewing, Inspection
NUMBER OF WORKERS: 2563

FLA Comment: This report was submitted to the FLA and the FLA affiliated company by the accredited independent external monitor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to and reviewed by the FLA.

*To read the original IEM report of this factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).



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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: Facility has a collective vacation policy. Interviews confirmed that at least 3 employees have worked during part of their vacation. It is customary for employees to volunteer to work part of their vacation, as this represents an additional income.

Sources: document review; worker and management interviews

Legal reference: Art. 182 of DR labor regulations: The vacation period cannot be substituted with monetary compensation.

Plan Of Action: These were isolated cases due to some particular production situations. Our plan is to assure (through monitoring and controlling) that all employees take their vacations in the period established by DR labor law. HR will create a report to be filled out by the managers of each department stating which vacations have been taken and which vacations will be taken for each employee. This report will be approved by each manager and HR Manager, and needs to be monitored and controlled by the Payroll Department to assure vacation payment is simultaneously enjoyed with a vacation. Staff members responsible: HR Manager, all managers, Payroll Department

Deadline Date: 01/31/2009

Supplier CAP: This is a self-owned plant so the Company Plan of Action reflects the CAP.

Action Taken: In those extraordinary cases, all pending vacations were given in the next 6 months. Report already defined and included in our documentation system.

Plan Complete: No

Plan
Complete
Date:

Action No
Verified:

Action
Verified
Text:

Action 09/17/2010
Verified
Date:

Wages, Benefits and Overtime Compensation: Payment for All Hours Worked

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

Noncompliance

Explanation: 1. Monitors observed at least 3 production employees who stayed after the end of their shift (and had logged out) and continued working. Employees stated that this was done on a voluntary basis to complete work that was delayed.

2. During the lunch break, monitors saw at least 5 employees working. Interviews also confirmed that on occasion, employees stay and work a few minutes of their lunch period to reach production levels. Work done off the clock (during lunch or after work) is the result of lack of control. Facility policies clearly state that no overtime will be permitted without the authorization of a supervisor.

Sources: factory tour, employee interviews

Legal references: Article 147 - The normal duration of the work period is determined in the contract. It cannot exceed 8 hours per day or 44 hours per week. All hours outside of the mentioned limitations are overtime. Article 157 of the DR labor regulations, a normal shift must be interrupted by a rest period of no less than an hour.

Plan Of Action: We will reinforce supervision so operators take their breaks completely and/or clock out at the end of their workday. We will hold a meeting with production supervisors to inform them that this is a procedure; they need to make a physical revision during breaks and at the end of the day to make sure there are no employees 1) staying and working without permission and/or 2) staying after they have logged out of the system. We will also regularly remind employees of this procedure using our audio system.

Deadline Date: 01/31/2009

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified: COMPLETED:

Text:

1) Auditors did not observe production employees clocking out at the end of their shifts and then returning to their workstations to complete delayed work. Also, none of the 9 workers interviewed during this audit mentioned clocking out after their normal work shift and returning to their workstations to complete delayed work.

2) During the lunch period, auditors did not observe any workers staying inside the production area to work in order to reach their production goals/levels. Also, none of the 9 workers interviewed during this audit mentioned working during part of their lunch period to reach their production goals/levels.

Sources: factory tour, worker interviews Legal references:Codigo de Trabajo, Articles 147 and Art 156

Action Verified Date: 09/17/2010

Non-Discrimination: Other - Non-Discrimination

Other

Noncompliance

Explanation: There is no written retrenchment policy in place (in practice, the process is based purely on seniority and company needs).

Source: document review

Plan Of Action: The company is reviewing the FLA Retrenchment Policy and is attending the FLA Board Meeting on October 28th-29th, where the topic will be discussed. We will respond with our plan of action by the end of November.

Deadline Date: 03/31/2009

Action Taken:

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text: COMPLETED: Management updated their policy called Termination of Work Contracts on February 1, 2010 to include the retrenchment process. The name of the policy is P-RHX-POLITICA 16. The new specific paragraphs of the policy related to retrenchment are P11, P12, P13 and P14.

Sources: document review, management interview

Action Verified Date: 09/17/2010

Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: NEW FINDING: The participating company has not informed workers about their workplace standards through the posting of their Global Standards.

Sources: factory tour, management interview

Plan Of Action: Global Standards brochures are provided to employees, suppliers and contractors. For employees, HR records employees' signatures; for suppliers and contractors, facility will ensure to get signatures for evidence. Also, Global Standards have been posted in the factory.

Deadline Date: 02/28/2011

Action Taken: No further action required.

Plan Complete: Yes

Plan Complete Date:

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1. Evacuation map is not posted in work areas.

2. Evacuation routes in the work areas are not clearly marked; aisles are obstructed with raw materials and boxes.

Source: factory tour

Legal reference: Dominican Republic, Environmental Health and Safety Guidelines No. 807 of December 30, 1966, Article 76, Employer must ensure all workplaces adequately protect workers against environmental health and safety risks.

Plan Of Action: Evacuation maps are located in work areas. We do not have a law that requires specific dimensions for evacuation maps. We will widen the size of the maps as a best practice. Staff member responsible: Risk Management Supervisor

Deadline Date: 11/30/2008

Action Taken: Posting of evacuation maps was delayed due to layout changes. Posting will be completed by the end of February 2009.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action Verified Text:

1. COMPLETED: Factory has posted evacuation maps throughout both of its buildings. The new dimensions of the evacuation maps are 16.75 x 21.75 inches.

2. COMPLETED: All isles from both factory buildings have been marked with yellow stripes. Evacuation signalization has been hanged indicating the nearest emergency exit. Also, aisles in both factory buildings were not obstructed during the factory tour.

Source: factory tour

Legal references: 1) Reglamento de Seguridad y Salud en el Trabajo Decreto No. 522-06, Art 4.2.3, 2) Reglamento de Seguridad y Salud en el Trabajo Decreto No. 522-06, Art 1.36

Action Verified Date: 09/17/2010

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: There was medicine that expired in 2007 (Diazepam) and 2006 (Destroza).

Source: factory tour

Legal reference: Dominican Republic, Environmental Health and Safety Guidelines No. 807 of December 30, 1966 Article 76, Employer must ensure all workplaces adequately protect workers against environmental health and safety risks.

Plan Of Action: Will ensure that expired medicines are disposed immediately. We will add a policy to our health procedure on conducting a monthly inventory to check the expiration dates of all medicines.

Staff members responsible: doctor, HR Manager, Risk Management Supervisor

Deadline Date: 12/31/2008

**Action
Taken:**

**Plan
Complete:** No

**Plan
Complete
Date:** 12/19/2008

**Action
Verified:** No

**Action
Verified
Text:** COMPLETED: In order to keep control of expiration dates, factory now maintains a written monthly log to check 1) the expiration date of all medicines kept and managed by each of the 2 factory clinics and 2) all first aid kits (1 clinic per building).

Auditor reviewed the medicine expiration logs of both factory clinics filed from January 2010 to August 2010. The factory's general physician is responsible for filling out the log.

Source: document review

Legal Reference: Reglamento de Seguridad y Salud en el Trabajo Decreto No. 522-06, Art. 1.20.1 and 1.21

**Action
Verified
Date:** 09/17/2010

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation: 1. At least 10 sewing machines observed without the necessary safety devices and pulley guards.

2. 2 extractors in the boiler area are not adequately protected.

Source: factory tour

Legal reference: Dominican Republic, Environmental Health and Safety Guidelines No. 807 of December 30, 1966, Article 76, Employer must ensure all workplaces adequately protect workers against environmental health and safety risks.

Plan Of Action: We are building guards for sewing machines that need them. In the monthly inspection of sewing machine guards, we will include pulley guards and all facility guards to ensure all guards are covered in the inspection.

Staff members responsible: Engineering Manager, Risk Management Supervisor

Deadline Date: 10/31/2008

Supplier CAP Date: 10/31/2008

Action Taken: We have begun installation and will finish with the entire plant by the end of the month. Photos showing extractors with proper protection installed sent to the FLA for review.

Plan Complete: No

Plan Complete Date: 10/31/2008

Action Verified: No

Action Verified: COMPLETED:

Text: 1) All sewing machines randomly observed in both production buildings were noted to have necessary safety devices and pulley guards.

2) The 2 extractors in the boiler area now have the adequate protection installed.

Sources: factory tour, photo review

Legal reference: Reglamento 522-06 de Seguridad y Salud en el Trabajo y Resolucion 04-2007, Art. 2.4

Action Verified Date: 09/17/2010

Health and Safety: Toilets

H&S.23 Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. (S)

Noncompliance

Explanation: There are 11 bathrooms for 753 female workers at the plant. This number is below the legal requirement. The facility's production and employee number growth has surpassed facility's infrastructure capabilities.

Source: factory tour

Legal requirements: There should be 1/25 toilets per workers of each gender and 1 more for every 40 additional workers of each gender.

Plan Of Action: The construction of 7 new toilets will be included in CY09 budget.
Staff members responsible: Engineering Manager, Risk Management Supervisor.
Due date: Third Quarter CY09

Deadline Date: 08/31/2009

**Action
Taken:**

**Plan
Complete:** No

**Plan
Complete
Date:**

**Action
Verified:** No

**Action
Verified
Text:** COMPLETED: In May 2010, factory added 15 toilets for female workers in the factory. The factory now has a total of 26 toilets for female workers, compared to 11 toilets noted during the IEM audit. The factory currently meets legal requirements by having 1 toilet per every 30 female workers.

The factory has a total of 786 female employees working from 6:45am to 2:05pm.
Sources: factory tour, document review

Legal Reference: Reglamento de Seguridad y Salud en el Trabajo Art 1.19.1

Auditor Comment: There was a mistake in the legal requirement referenced during the IEM audit on August 4-5, 2010. As per local law, Reglamento de Seguridad y Salud en el Trabajo Art 1.19.1, the minimum number of toilets required when the number of workers in a company exceeds 250 people is 1 for every 30 workers, not 1/25 toilets per workers of each gender + 1 more for every 40 additional workers of each gender as described in the IEM report from August 2008.

**Action
Verified
Date:** 09/17/2010

Health and Safety: Food Preparation

H&S.25 All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws. All workers handling food shall be provided with the tools and equipment necessary to do so in a safe and sanitary manner. (S)

Noncompliance

Explanation: Personnel who work at the canteen or restaurant area do not have the proper medical certificates required for employees who handle food.

Source: factory tour

Legal references: Dominican Republic, Environmental Health and Safety Guidelines No. 807 of December 30, 1966 Article 76, The employer must ensure all workplaces adequately protect workers against environmental health and safety risks. Dominican Republic, Health Law No. 42-01 from February 2001, establishes general guidelines for safety in production, elaboration, storage, manufacture, commercialization, transport, supply, and expense of food. (Secretaría de Estado de Salud Pública y Asistencia Social (SESPAS)).

Plan Of Action: Cafeteria has all required permits for operation. We need clarification on which certificate is being requested.

Deadline Date: 10/01/2008

Supplier CAP: See attached for copies of the permits.

Supplier CAP Date: 10/01/2008

Action Taken:

Plan Complete: No

Plan Complete Date: 10/01/2008

Action Verified: No

Action Verified Text: COMPLETED: The 5 people who work in the factory canteen area now have the proper medical certificates required for employees who handle food. Also, factory has the Environmental Permit required by law in order to operate.

Source: document review

Legal reference: Environmental Health and Safety Guidelines No. 807 of December 30, 1966 Article 76, and (2) Health Law No. 42-01 from February 2001

Action Verified Date: 09/17/2010

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: Occasionally, the facility's maintenance workers come in on Sundays (rest day) to perform cleaning work. This is done when the facility is engaged with work Monday to Saturday, leaving Sunday the only day for maintenance.

Sources: employee interviews, document review

Legal reference: Art. 163. All employees are entitled to a day of rest within a workweek. This time period starts mid-Saturday and consists of 36 uninterrupted hours.

Plan Of Action: We are arranging the rest days in an alternate way to ensure all employees that need to work on Sundays take a day off. We have a report that controls all personnel who work on Sundays for an extraordinary necessity. In our policy, we will include that the manager of each area needs to be responsible for giving these employees a day off in the following week. This will be monitored by the responsible HR Department Staff members (all managers, HR manager)

Deadline 11/30/2008

Date:

Action

Taken:

Plan No

Complete:

Plan 11/28/2008

Complete

Date:

Action No

Verified:

Action PENDING: 4 out of 38 workers from the maintenance department did not comply with
Verified the FLA's Code of Conduct guideline on HOW. 2 complied with legal requirement Labor
Text: Code Art. 164. These 4 workers worked for at least 1 Sunday in August and/or September
2010 without being provided an alternative day off within either a 7-day period or
immediately following the 7-day period.

The factory complied with legal requirements by paying workers for their rest days worked at 200% of their normal rate. However, factory did not comply with FLA's benchmark HOW.2, which states that workers shall be entitled to at least 1 day off in every 7-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period.

Details:

1) 1 maintenance employee worked 3 consecutive Sundays: August 29th, September 5th and September 12th, 2010.

2) 2 maintenance employees worked 2 alternate Sundays: August 29th and September 12th, 2010.

3) 1 maintenance employee worked on Sunday, September 12th, 2010.

Sources: document review (payroll records, barcode attendance records, supervisor overtime control records, worker and management interviews)

Legal reference: Labor Code, Art 164

Auditor Comments: As per Labor Code Art. 164, if an employee works on their weekly rest day, they may opt to receive their ordinary salary, augmented with a 100% premium, or they may enjoy a compensatory rest day equal to his weekly rest day during the following week. However, as per FLA's benchmark HOW.2, workers shall be entitled to at least 1 day off in every 7-day period. If workers must work on a rest day, an alternative day off must be provided within that same 7-day period or immediately following the 7-day period.

Action 09/17/2010
Verified
Date:

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Uncorroborated Evidence of Noncompliance

Explanation: (Uncorroborated) Although there is no physical evidence (e.g. record keeping), hours not logged after work hours and/or on rest days may exceed the 60-hour per week FLA limitation.

Sources: worker interviews

Plan Of
Action: We are reviewing our system to ensure accuracy.

Deadline 11/30/2008
Date:

Action
Taken: The facility has a system to track overtime accumulation by area. Auditors checked the report tracking the status of employee's overtime. The historical accumulated data is taken from the AS400. We keep the local labor representative informed in cases that exceed overtime according to law. We are also alternating employees affected. Staff personnel analyze this information on a weekly basis. Auditors recognized that we do have a system to track overtime. However, they said that this system is not accurate. In regards to record keeping, we keep records for all overtime (barcode and manual).

**Plan
Complete:** Yes

**Plan
Complete
Date:** 11/28/2008

**Action
Verified:** No

**Action
Verified
Text:** PENDING: Factory now keeps records of all overtime hours worked (including work performed on Sundays) by a combination of barcode attendance records and manual OT control sheets. However, during peak season, 7 out of 38 workers from maintenance department; 3 out of 5 workers from shipping department; and 46 out of 77 workers from warehouse department exceeded the 60 OT hours per week (FLA limit) the week of Monday, September 6th and Sunday, September 12th, 2010 (peak season). The highest total hours worked in a week was 85.23 (maintenance department worker), recorded during the week of Monday, September 6th to Sunday September 12th, 2010 (total of 44 ordinary hours + 41.23 overtime hours = 85.23 hours per week).

Sources: document review, management interviews

Auditor Comments: During non-peak season, workers were not found to exceed the FLA's limit of 60 hours per week. Workers from maintenance, shipping and warehouse departments work an average of 7 OT hours per week. Peak season months are August, September and October.

**Action
Verified
Date:** 09/17/2010

Hours of Work: Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Noncompliance

Explanation: Facility does not maintain a system to track overtime accumulation. As a result, during peak production season, the packing department works approximately 15 hours of overtime per week (50-60 OT hours/month), exceeding the quarterly limit (80 hours over 3 months).

Sources: document review, time record review, management interviews

Legal reference: Art. 155 of DR Labor Code, In case of prolonging the normal hours to overtime, the limitation shall be no more that 80 overtime hours per quarter.

Plan Of Action: We are reviewing our system to ensure accuracy.

Deadline Date: 11/30/2008

Action Taken: The facility has a system to track overtime accumulation by area. The auditors checked the status of the employees' overtime with the report. The historical accumulated data is taken from the AS400. We keep the local labor representative informed about cases that exceed overtime. We are also alternating the affected employee. Staff analyzes this report on a weekly basis. Auditors recognized that we do have a system to track overtime. However, they said that this system is not accurate.

Plan Complete: No

Plan Complete Date: 11/28/2008

Action Verified: No



Action Verified Text: ONGOING: Since January 2009, the factory has implemented a system to track OT accumulation by percentage on a weekly basis. Based on a 44-hour ordinary work schedule, workers are not supposed to work more than 10% of OT hours per week. This is equivalent to no more than 4.4 OT hours per week. With this system, the factory ensures that employees do not work more than 57 OT hours in a 3-month period and therefore comply with the 80 hours permitted by law. However, despite the preventive system implemented to track OT accumulation, record review revealed that 3 workers from maintenance department exceeded the legal limit of 80 overtime hours in a 3-month period between Monday August 23rd, 2010 and Sunday September 12th, 2010. Sources: payroll record review, barcode attendance record review

Action Verified Date: 09/17/2010
